

" The City of Heritage "



Cash flow Management Policy

ULUNDI LOCAL MUNICIPALITY
CHARTER / TERMS OF REFERENCE: CASH FLOW MANAGEMENT COMMITTEE

1. PURPOSE

1.1 The primary function of the Cash flow Management Committee is to assist the Finance Department of the Municipality to introduce a disciplined approach in the management of the Municipality's cash resources; and

1.2 To identify and address any shortfall that may arise.

2. COMPOSITION

2.1 The Cash flow Management Committee is constituted as a sub-committee of Ulundi Municipal Executive and Finance Committee and it shall be constituted as outlined here below.

2.2 The secretary shall be provided by the Office of the Municipal Manager.

2.3 The Committee may from time to time invite any external individual with a particular skill or interest to sit in a meeting.

2.4 The following members shall be in attendance at meetings with a proviso that attendance in all meetings of the committee shall be compulsory:

MEMBERS

2.4.1 Ulundi Municipality: Municipal Manager (Chairperson)

2.4.2 Ulundi Municipality: Chief Financial Officer (Finance)

2.4.3 Deputy Chief Financial Officer

2.4.4 Executive Directors responsible for each budget vote

2.4.5 Mayor and Deputy Mayor

INVITEES

Ulundi Municipality: Internal Audit Manager
Office of the Auditor General

2.5 The Committee Chairperson may invite such other officers of Ulundi Local Municipality as he/she requires.

3. MEETINGS

3.1 The Cash flow Management Committee of the Municipality shall meet once a week, every Friday or more frequently as circumstances dictate. To the extent practicable, each of the Cash flow Management Committee members shall attend each of the regularly scheduled meetings in person.

3.2 The Cash flow Management Committee may request any officer or employee of the Municipality or the Municipality's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee, subject to the norm.

3.3 Deliberations of the Committee shall be incremental based on original and follow up discussions on matters resolved in the previous meeting.

4. TERM

4.1 The Ulundi Municipality Cash flow Management Committee shall be in place for as long as the Executive and Finance Committee acting on the delegation of the Council deems its existence necessary.

5. ACCOUNTABILITY AND RESPONSIBILITY

The Ulundi Local Municipality Cash flow Management Committee shall-

5.1 Discuss and approve the cash flow statements including projections and ensures that:

- The Cash Flow statement with projections is done in accordance with the prescribed format;
- The Chief Financial Officer monitors cash receipts and payments against projections on a monthly basis;
- The Chief Financial Officer reviews and approves the cash flow statement with projections for the month;
- The Chief Financial Officer updates projections with cash receipts and payments for the month and maintains rolling 6 months projections for the following months;

ULUNDI LOCAL MUNICIPALITY
CHARTER / TERMS OF REFERENCE: CASH FLOW MANAGEMENT COMMITTEE

- All commitments and outstanding debtors for the month are reflected in projections.

5.2 Discuss the cash flow projections and ensures that these are in line with monthly expenditure patterns;

5.3 Discuss and approve the assumptions used to prepare projections and ensure that these are practical, relevant and reliable for the Municipality.

5.4 Discuss with management the possibility of any cash shortfalls as per the cash flow statement.

5.5 Engage a process to prioritise expenditure;

5.6 Discuss with management the value of unspent conditional grants. Where the unspent portion of the conditional grants is not covered by investments, ensure that management provides for the transfer of cash progressively until the full amount is ring fenced and invested;

5.7 Discuss the debtors ageing and ensure that the debtors collection policy has been enforced;

5.8 Ensure that the reporting in terms of S71 of the MFMA has been complied with;

5.9 Ensure that all the Executive and Finance Committees' cash flow management strategies are implemented and monitored.

6. AUTHORITY

The Committee has-

6.1 The right to have access to any information and documentation to fulfil its mandate.

6.2 The right to seek independent advice at Ulundi Local Municipality's expense.

6.3 The right to investigate matters within its mandate.

6.4 Through the Chairperson, direct access to the Internal and External Auditors.

ULUNDI LOCAL MUNICIPALITY
CHARTER / TERMS OF REFERENCE: CASH FLOW MANAGEMENT COMMITTEE

6.5 The right to consult with, and receive the full co-operation of, any employee where necessary to fulfil its responsibilities.

6.6 The powers of the Committee shall not be discharged in such a way that there is infringement of any legal municipal financial provision.

7. REPORTING RESPONSIBILITIES

7.1 The Committee reports to the Ulundi Municipal Executive and Finance Committee.

7.2 Minutes of the meetings of the Committee must be submitted to the Ulundi Municipal Executive and Finance Committee.

7.3 The Chairperson, alternatively a member delegated by the Chairperson, shall be present at the Ulundi Municipal Council Meeting to answer any questions relating to Cash flow Management.

8. PERFORMANCE MANAGEMENT

8.1 The Cash flow Management Committee shall annually review and reassess the adequacy of this Policy annually and recommend any proposed changes to the terms hereof or Committee structure for approval by the Executive and Finance Committee.

9. ADDENDUM

9.1 With effect from 04 February 2015, the Committee took a resolution that there will be no purchases orders that will be approved and authorised for payments without Head of Department's confirming the availability of budget.

9.2 All Departments have to monitor and control their own budget, utilizing budget control register.

9.3 That 2014/2015 there will be no budget that will be overspent.